Project Services Pty Ltd

Establishing an Effective Project Office
–
The Core Requirements for Success

By

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ABSTRACT

The implementation of an effective PMO is a long-term project in itself. There are a multitude of considerations that can impact on the pace and scope of the PO service eventually developed. A summary of the requirements is as follows:

- The primary requirement is a design phase. The designing of the initiation process, reporting process, change management process and closure process can take from three to six months. This phase is very controllable because it has a limited effect on the projects.
- The secondary requirements establish the infrastructure needed by the PO. This phase tends to be less controllable. The training courses and organisational changes start to impact on the majority of staff. This initial effect generates some cultural resistance from stakeholders. Normally three to six months is required for the secondary requirements.
- The tertiary requirements are the most critical for long term success. The work practice acceptance, managing the PO behaviour and cultural change considerations will take from twelve to twenty-four months or more. The majority of the benefits of the PO are achieved by completing the tertiary requirements.

This paper outlines the stages, processes and supporting systems architecture required to create and support a successful Project Office.

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INTRODUCTION

The purpose of this paper is to outline the systems architecture required to support a successful Project Office. To this end, the definition of a Project Office (PO) is limited to that of a specialist centre with skills in scheduling of, and reporting on multiple concurrent projects.

This paper is deliberately industry generic. The experience behind it comes from working with successful PO's in the Telecommunications, Information Technology, Corporate Regulation, and Engineering industries. We would suggest that the processes can be applied with equal success in all industries.

The paper is structured in three parts;

- **The Primary Requirements.** This section defines how the PO services the four basic project requirements of Initiation, Reporting, Change Management and Closure.
- **The Secondary Requirements.** Discusses the infrastructure required to support a PO, including training materials (Internal and External) and organisational changes.
- **The Tertiary Requirements.** Address the long-term management of the PO, including the work practice acceptance, the behaviour of the PO staff and other cultural considerations. Managing the tertiary requirements effectively is the most critical factor in the overall success of a project office.

Analysis Tools

The key technical requirement assumed in all of the processes described in this paper is that the project office will use an accurate and reliable scheduling tool. The PO will lose creditability if a mathematically wrong calculation produces a wrong end date. Without the credibility gained from accurate and believable project schedules (ie, correct resource analysis from the scheduling tool), there will never be any real acceptance of the PO work practice.

THE PRIMARY REQUIREMENTS

The primary requirements address the four basic services provided by the PO to each project. Each project starts with an initiation phase. Once started, it continues through its implementation phase where it can expect to encounter changes in scope and/or direction until finally the project completion phase is reached. The PO needs procedures defined to describe how it will assist each of these phases in the project life cycle and how it will maintain routine reporting functions.

We therefore define the four Primary Requirements by developing Project Office Practices and Procedures for the Initiation, Progress Reporting, Change Management, and Closure of each project.

Defined PO Procedures

Without defined procedures, the project team and PO will have different expectations of both their, and the other parties' roles and responsibilities. Some projects will expect the PO to supply a full

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project administration service whilst at the other extreme, some projects may feel that a high-level plan and a token gesture towards project tracking is adequate for their needs.

The formalising of a procedure allows the customers (project teams) and the PO to establish a consistent and reliable relationship[1]. Each project will receive the same level of service and the PO will have the same interaction with project team members regardless of the project they are currently working on. The long–term benefit of clearly defined procedures is that the Project Teams will come to rely on the PO service they know to be predictable, reliable and accepted as routine. Once the PO Service is relied on, the information produced will have a greater impact on each project's work practices thereby enhancing overall corporate results.

Project Office practices and procedures should be developed in consultation with the Project Teams. The customers (Project Teams) should also be included in the formal review process to secure their input as stakeholders. This involvement is essential so that if the Project Teams choose not to use the procedures or if they don't like the information produced, they will find it difficult to discredit a procedure they originally help define.

Primary Requirements – The Initiation Procedure

From the perspective of the PO, here are at least four main items to be considered during the project initiation phase: -

- **Define the Project Scope.** What work is to be included and excluded.
- **Quantify the Time and Costs.** This may include analysing Resources, Equipment, Procurement etc., as well as identifying impacts on other projects.
- **Risk Assessment.** Identifying the risks, and preparing risk management / mitigation strategies as required.
- **Obtain Commitment.** All core stakeholders should be required formally commit to the project as defined.

The PO procedures will need to develop procedures that clearly define how it is involved in each of the above processes, and any other items that may be included PO input during the project initiation process[2].

Project Scope Definition

This procedure should identify who is responsible for defining the project scope, how the scope will be agreed and how the PO will be informed of the final agreed scope definition. The preparation of the project schedule requires a clear understanding of the works to be undertaken (ie the scope).

Quantifying Time & Costs

The quantification of time and cost should always require input from the PO. The project duration (time) would normally be derived from a project schedule produced by experts from the PO working with the project team. The procedures for producing the schedule should define:

- What information is required to allow the schedule to be built.

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[1] For more on ***standard operating procedures*** see: https://www.mosaicprojects.com.au/WhitePapers/WP1086_Standard_Operating_Procedures.pdf

[2] The early days of a project set the foundation for success, see ***The Project Start Up Conundrum***: https://mosaicprojects.com.au/PDF_Papers/P003_Conundrum.pdf

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- The content and quality of the schedule to be produce[3].
- The extent of involvement of others in the schedule development process.
- What time frame is allowed to produce the schedule.
- The standard format to be used for the distribution of the schedule and any other information.
- The project costs (if included) could have several components. Resource costs would normally come from the project schedule. Equipment, and management costs may be included in the schedule or gathered from various external sources.

The assessment of the project's impact on other projects in progress will require sophisticated multi project resource analysis if there is a significant cross over of resources from one project to another. As well as procedures for resolving any resource conflicts that may be identified.

Risk Assessment

The assessment of risk and the developing of strategies to minimise / mitigate those risks can be undertaken either by the Project Team alone or in combination with the PO. The group responsible for risk management should be clearly identified in the procedures and if the PO is involved, the relationship between the 'team' and the PO should be clearly defined.

The PO should be required to quantify the probable delay that would occur if any of the identified risks eventuate.

Obtain Commitment

The obtaining of a formal commitment to start the project is normally managed between the project team and their customer / management / stakeholders. The PO's main requirement from the process is formal notification that the project has officially started.

Despite the lack of direct involvement by the PO's, this procedure still requires definition so that all of the stakeholders and the project team clearly understand their roles and responsibilities.

Documentation

The documentation outlining the project initiation procedures does not need to be very detailed. Normally a five to ten-page document is sufficient to define the roles and responsibilities of the PO, the project team and all other key stakeholders.

Primary Requirements – Progress Reporting

This procedure covers the routine statusing and updating (or tracking) of the project plan[4]. Three main outcomes can be expected to flow from this: -

1. The project team receives a realistic schedule indicating the current critical path. This allows the team to make better resource allocation decisions and improves the coordination of future tasks.

[3] For more on ***defining the quality of a schedule*** see: https://mosaicprojects.com.au/PMKI-SCH-020.php

[4] There may a requirement for the PMO to assist in the development of the project plan, however, once complete the plan should be the responsibility of, and owned by the project team.

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2. The project manager obtains an independent performance report (Progress Report) identifying problem areas requiring attention.
3. The customer / management (Project Clients) receive up to date and realistic information on the project's anticipated completion date and projected cost.

The heart of the procedure is having a standard work practice defining how a project is to be statused and updated (tracking)[5]. In addition to defining the frequency of the status / update, the procedure will need to define the following: -

- How the progress information is gathered, including who supplies the information and who is responsible for its accuracy.
- How the progress information should be processed, including guide lines on when modifications to the logic should be made. How the impact on resource availability caused by changes in other projects is assessed and when formal change management procedures should be implemented, etc.
- How the updated project information (and what information) is distributed to the project manager, the project team, general management, etc.

By having a formal procedure, the updated schedule, and progress reports will be generated in a reliable and predictable way regardless of which member of the PO staff is assigned to the work. This allows the PO's clients to become familiar with the structure of the information and to rely on the standard of the PO service. With the updating and reporting procedures defined, the PO is in a much better position to support the project as it progresses through to its eventual completion.

Primary Requirements – Change Management

Change Management Procedures are required in two situations: -

1. Whenever the project scope changes from the currently approved scope (ie, the scope approved at project initiation or at the last change proposal).
2. When the project schedule changes (eg is delayed) so as to cause a significant impact on the performance of other projects.

In both cases, there is a need to highlight the impact of the changes, including quantifying the consequences of the change.

The change management procedure should consider the following: -

- Defining the full extent of the changes (and if appropriate their causes).
- Quantifying the costs, and time consequences of the change.
- Changes in the projects risk profile and potential consequences.
- Confirmation of commitment to the change from the Team and Client.

The change management documents require a minimum of content. Its main objectives are: -

- The client and management need to be aware of how the project scope has changed.
- The project needs the change quantified so the performance reporting takes into account the change.
- The current schedule needs modifying to take into account the revisions.
- Management of other projects need to be informed of any impact on their work.

[5] For more on maintaining a schedule see: ***Managing for Success – The power of regular updates***: https://mosaicprojects.com.au/PDF_Papers/P002_MFS_Full.pdf

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Again, the PO needs the procedure defined so it knows how it is involved in the change management process[6]. Other people involved in the management of projects need the procedures defined to clearly identify their roles and responsibilities. This is particularly important when the changes in one project impact on the performance of another.

Primary Requirements – Project Closure

The importance of an efficient project closure procedure is the most under estimated of the four primary requirements. The main objectives of a closure procedure are to: -

- Capture the project experience as retained corporate knowledge (Corporate Memory).
- Gather and review information to improve future estimates.
- Conduct a formal team debriefing allowing people to "move on" to new projects.

The closure procedure should involve most of the following: -

- Analysis of the actual effort/cost against plan identifying the areas of cost over runs.
- Analysis the Time performance against target dates and identify areas slippage occurred.
- Identify areas the project achieved good results and summarise how they were achieved.
- Highlight areas where unique problems occur and how they were addressed.
- Recommendations for future projects to limit any slippage or cost problems.

The key test to see if the closure procedure is working is to review the closure report on a project that finished 6 months ago and see if the lessons have been learnt (ie are in use on current projects) showing that the corporate memory is working. Again, the PO will need a procedure defined so its involvement in the closure report is clearly understood by all.

Primary Requirements – Summary

Once the four primary requirements have been defined, the PO knows how it services will be used by the projects. From the project team's perspective, the definition of the services allows them to say "This is what we will receive" and "This is how we use the information". These procedures effectively define the relationship between the PO and its client (ie the Project Teams).

With the PO–Client relationship defined in the primary requirement; the PO needs begin to focus on the infrastructure required to support the project office. These are the secondary requirements.

SECONDARY REQUIREMENTS

The "secondary requirements" for establishing a successful Project Office address the structural issues needed to support the PO and its relationship with the project teams. The key areas for consideration are:

- Internal Training
- External Training

[6] For more on ***change management*** see: https://mosaicprojects.com.au/PMKI-PBK-010.php#Process5

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- Organisational Requirements including a clearly defined "right to exist"
- Internal Training Requirements

The Project Office Staff require two types of training. The first is the technical training required to be an effective scheduler. The second is to establish how each planner interacts with the client.

Secondary Requirements - Internal Technical Training

This training should address the following:

- How to build a network (project plan) according to the organisation's standard methodology.
- How to status and update networks (project plans) and produce reports.
- How to analysis the results of a time analysis or resource analysis to identify critical trends and potential problems early.

The reason for providing formal training to the PO staff in scheduling is to ensure all staff use the same techniques to achieve a consistent quality. This minimises the potential for one planner to produce a project schedule with an overall duration of 4 months whilst another plans an identical project to last 6 months. Inconsistent results from the PO will quickly cause it to lose credibility.

Secondary Requirements - Internal Client Interface Training

The relationship training deals with how each planner interacts with the PO's clients, ie the project teams. This should address the following areas:

- How the PO is involved in all the primary requirements.
- When and how the management information is distributed.
- How the progress information is collected from the project team.
- Managing the relationship with the client.
- External Training Requirements

Secondary Requirements - External (Team) Training

Training the project team is less involved than PO staff training. Two areas of training are required, an introductory training covering how the PO service supports project followed by training in the understanding and use of the reports produced by the PO.

The introductory training should give the team members a perspective on the life cycle of a project and the teams responsibility at each stage as well as how the PO is involved in each of the primary requirements. With this perspective on the overall process, the Project team can than be trained in how to use the materials produced by the PO.

This is the most crucial training of all. The correct use by the project teams of the material produced by the PO is the factor that causes the change in work practice and delivers the benefits of project management particularly in the way tasks and resources are managed.

This training should cover the following areas:

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- Explanation of how the material is developed.
- How to read the material produced.
- Exercises in how to use the information to direct resources.
- Understanding status reports.

The training on how to use the PO material should contain real examples from existing projects. It should be practical and directly applicable to the project teamwork. There should also be the option to follow up the training with ongoing mentoring of the work practice for several months to reinforce its use. The changes to work practice caused by this process will deliver the majority of the benefits of project management in the shortest time frame.

Secondary Requirements – Organisational Issues

There are three main organisational considerations. The first is the PO must have governance within the organisation. The second is for high level support for the PO. The third requirement is for the seniority of the PO Staff to be lower than the seniority of the Project Managers and key project team members.

Project Office Governance

For the PO to be accepted by its clients, it needs to be perceived as a permanent section of the organisation. This is partially achieved by developing a "Charter" document. The structure of the 'Project Office Charter' should be no larger than one page and address the following: -

- The PO prime directive is to assist project teams by supplying scheduling and management information.
- The PO shall be resourced by X Staff.
- The PO will answer to XXX General Manager.
- The PO will produce YYY reports and Project Plans etc.
- The PO will service projects as defined in the Primary Requirement procedures.

The Project Office Charter achieves two key things. The PO Staff obtain a sense of purpose / identity and the Charter significantly reduces the perception of the PO as a temporary group. The PO's chance of success is limited if the clients believe them to be a temporary group that will be disbanded.

Senior Management Support

The second organisational requirement is for high level protection of the PO by senior management. The PO will eventually produce some bad news and the project team will want to argue that the news is wrong. If rational discussions cannot solve the issues, the project team may try the well proven management technique called "shoot the messenger" (this occurs in most organisations).

The problem is that the PO can not afford a major fight with a client they are meant to assist on an ongoing basis, without damaging the relationship. The solution is to have the PO answer to a senior manager who can defend the PO if it is attacked. The project teams are less likely to argue with a senior manager than the normal PO Staff. If a dispute does arise, the senior manager should be more capable of controlling, and managing the conflict than the PO Staff.

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PO Staff Seniority

The third organisational requirement is for the level of the PO Staff to be lower than the Project Managers and key project team members.

It is a natural human instinct for Project Managers to be very sensitive about other managers critically reviewing their projects. However, they are usually eager to have "junior staff" assist them in their project administration[7]. The perception of the project team should be that the PO is a junior administrative service designed to assist them, not some form of "big brother" there to check on the projects every move. This perception is enhanced if the rank of the PO staff is lower than that of the Project Manager and the key project staff. While this appears trivial, the most successful PO's have junior staff supporting the projects. This appears to assist with project team's acceptance of the PO service.

TERTIARY REQUIREMENTS

The PO needs the structure defined in the primary and secondary requirements to function, however in the long term, its success will be controlled by the tertiary requirements, ie the management and acceptance of the overall process.

The primary requirements defined the relationship between the PO and its clients / customers. The secondary requirements build the infrastructure required to support the PO in the longer term. With all of these in place however, there is still no guarantee the project team will change their work practices. The majority of benefits come with the tertiary requirements. They are also the hardest requirements to manage, control and achieve.

The tertiary requirements are the hardest to achieve because they actually change how people work. This normally encounters resistance from staff who don't believe, accept or understand there is any need or benefit in changing.

Tertiary Requirements - Work Practice Acceptance

Work practice acceptance is the biggest single factor in the long–term success of a PO. If the Project Team do not accept the PO benefits their work, eventually the PO will be ignored and sidelined. The key to achieving acceptance is having the project team believe the PO adds value to their work. This involves two components. Firstly, the relationship between the PO, Project Team, and Management will need to be practical and constructive. The second component is to follow up with reviews of the service every 6–12 months.

The best way to achieve a practical working relationship is for all stakeholders to be consulted during the design of the PO services (ie, the Primary Requirements). This effectively becomes the "buy in" by the stakeholders to part ownership of the process. The second component is to follow up with reviews of the service every 6–12 months. This allows any concerns to be periodically discussed for fine–tuning.

Work practice acceptance requires careful development and management over several years before it becomes entrenched as the normal way to do business; and even then, it should always be monitored and fine–tuned.

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[7] A key skill for the PMO staff is to be able to ***influence without authority***: https://mosaicprojects.com.au/Mag_Articles/SA1025_Influence_without_authority.pdf

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Tertiary Requirements - Project Office Behaviour

The only thing the PO has 100% control over is its interaction with the project teams. The biggest mistake the PO can make is to believe they are doing nothing wrong and everything is the project's fault.

The behaviour and attitudes of the PO staff should be continuously monitored to achieve three key objectives:

1. The PO must act as an internal consultancy service to the projects. It should never act as an authority or as a policeman. If the projects teams perceive the PO as a management spy, or as a "know it all" then they will tend to withhold information and attempt to marginalise or ignore its services.
2. The PO must be seen to add value to the project and assist the Project Manager. This means the PO goes out of its way to highlight management information that will assist the Project Manager make decisions. If the project manager is not supporting the PO, neither will the project team.
3. The PO must continually sell itself to achieve the perception of a valued service at all levels of an organisation. There is no point in the PO giving all the glory to the other stake holders at the expense of its own existence when budget cuts are required.

The behaviour required from the PO staff is often difficult for internal staff to master. They need to become an internal consultant and a sales person. Not limited by any prescriptive job description whilst at the same time, not "up staging" the project team and project managers. At no time can the PO assume it has "got it right". Its behaviour needs to be continuously monitored and managed.

Tertiary Requirements - Cultural Considerations

The implementation of a PO Service always changes the work practice, and in doing so creates cultural considerations that need to be managed.

Changes to the work practice will induce a cultural change (almost never the other way around), however, any culture change will need time to evolve and become accepted. There is normally some resistance to changes because the "old" culture induces people to say "what's wrong with our current work practices". The acceptance of the new work practices and associated cultural change will only occur gradually, as individuals perceive the benefit of project management.

Top Management must support the changes 100% from the beginning and be prepared for a long "change" process. If the project team perception is that senior management is only 90% behind the PO, their normal reaction will be "If I ignore it, it will go away". It is unreasonable to expect people to adopt a process they perceive management isn't 100% behind.

The pace of the cultural change is controlled by public option. As the new work practices are accepted by individuals' others follow, but only after they perceive the benefits. This gradual acceptance should be allowed to develop over an extended period of time. Training and support can assist, however true measure of success is when the work practice is accepted without assistance.

SUMMARY OF THE THREE LEVELS OF REQUIREMENTS

The implementation of a PO is a long–term project in itself. There are a multitude of considerations that can impact on the pace and scope of the PO service eventually developed. A simplified summary of the requirements is as follows:

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1. The primary requirements are essentially the design phase. The designing of the initiation process, reporting process, change management process and closure process can take from three to six months. This phase is very controllable because it has a limited effect on the projects.
2. The secondary requirements establish the infrastructure needed by the PO. This phase tends to be less controllable. The training courses and organisational changes start to impact on the majority of staff. This initial effect generates some cultural resistance from stake holders. Normally three to six months is required for the secondary requirements.
3. The tertiary requirements are the most critical for long term success. The work practice acceptance, managing the PO behaviour and cultural change considerations will take from twelve to twenty-four months or more. The majority of the benefits of the PO are achieved by completing the tertiary requirements.

The establishment of a Project Office will normally take from 1.5 years to 3 years, depending on the industry, corporate culture, and other factors. It may well take longer for final work practice acceptance to be generally achieved.

CONCLUSION

Establishing a successful Project Office is a costly, resource intensive and long-term commitment. So why are many organisations adopting the Project Office concept? Primarily because project management delivers better outcomes than traditional line management in many situations. This has been proven many times in many different industries.

Unfortunately, people with the skills required to be effective project managers are in short supply and as with any other "skilled" process, project management practitioners need support from an appropriate "skills centre". This is achieved with a Project Office.

The big picture of why a project office should be attempted is compelling. The Project Office is a scheduling skill centre that produces accurate and timely management information. Better management information encourages management to use that information to make better management decisions. This management decision / action flows through to produce better results.

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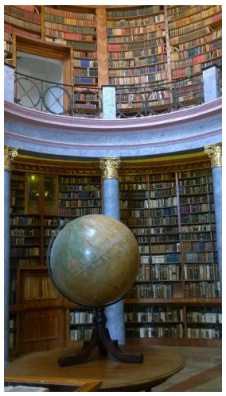

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